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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-67553; File No. SR-EDGA-2012-34)

August 1, 2012

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Optional Attribution of Orders on the EDGA Book Feed

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 24, 2012, EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 11.5, entitled “Orders and Modifiers”, to allow optional attribution of orders submitted to the Exchange on the EDGA Book Feed (the “Service” or “EdgeBook Attributed<sup>SM</sup>”) to Members and non-Members of the Exchange (collectively referred to as “Recipients”) without charge. The text of the proposed rule change is available on the Exchange’s website at [www.directedge.com](http://www.directedge.com), at the Exchange’s principal office, and at the Public Reference Room of the Commission.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

In SR-EDGA-2011-19,<sup>3</sup> the Exchange made available the EDGA Book Feed ("EDGA Book Feed"), a data feed that contains all orders for securities trading on the Exchange, including all displayed orders for listed securities trading on EDGA, order executions, order cancellations, order modifications, order identification numbers and administrative messages. The EDGA Book Feed offers real-time data, thereby allowing Member firms to more accurately price their orders based on EDGA's view of the depth of book information. It also provides Members an ability to track their own orders from order entry to execution. It is available in both unicast and multicast formats. In SR-EDGA-2012-15,<sup>4</sup> the Exchange modified the EDGA fee schedule by codifying the fees associated with the receipt of the EDGA Book Feed.

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<sup>3</sup> Securities Exchange Act Release No. 64792 (July 1, 2011), 76 FR 39959 (July 7, 2011) (SR-EDGA-2011-19).

<sup>4</sup> Securities and Exchange Release No. 66863 (Apr. 26, 2012), 77 FR 26059 (May 2, 2012) (SR-EDGA-2012-15).

The purpose of this filing is to allow Members to optionally enter orders into the Exchange's System,<sup>5</sup> conveying their identity.<sup>6</sup> Such information will then be displayed on the Exchange's new Service, namely EdgeBook Attributed<sup>SM</sup>, that will allow Recipients the option to view the market participant identifier ("MPID") of such Members of the Exchange, including Market Makers,<sup>7</sup> on an order-by-order basis. Specifically, the Exchange proposes to amend Rule 11.5(c)(18) to add a definition of an Attributable Order, which shall mean an order that is designated for display (price and size) including the Member's MPID. The Exchange also proposes to adopt a definition in Rule 11.5(c)(19) for a Non-Attributable Order, which shall mean an order that is designated for display (price and size) on an anonymous basis by the Exchange. The proposed definitions of Attributable Order and Non-Attributable Order are virtually identical to definitions contained in the Rules of BATS Exchange, Inc. ("BATS") and The NASDAQ Stock Market LLC ("Nasdaq").

The attributed information will be disseminated on the EDGA Book Feed and available for use by Recipients. Currently, all display-eligible orders are displayed in the EDGA Book Feed on an anonymous basis without attribution to the individual Member. The Exchange is proposing to allow Recipients to utilize a new feature on the EDGA Book Feed, which will include MPIDs on published quotations.

At this time, EDGA does not have plans to charge an additional fee associated with the receipt of the Service. Should EDGA determine to charge fees associated with EdgeBook

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<sup>5</sup> As defined in EDGA Rule 1.5(cc).

<sup>6</sup> Through the use of a field within the order entry message, Members will permit the display of their entered order on the EDGA Book Feed to include their associated MPID.

<sup>7</sup> As defined in EDGA Rule 1.5(l).

Attributed<sup>SM</sup>, EDGA will submit a proposed rule change to the Commission in order to implement those fees.

The Exchange believes that such attribution is consistent with the Exchange's Market Making rules, traditional market making on the floor of an exchange, and existing rules of the Exchange's competitors.<sup>8</sup> The additional feature will allow Members to publically disclose their identity when quoting on the Exchange and to display their attributed quote on the EDGA Book Feed. The Service will, in particular, allow a Market Maker to identify itself as a party that is willing to buy or sell securities on the Exchange and make continuous two-sided markets. The Exchange believes that this information will be beneficial to all Recipients and will aid in their trading decisions.

The Exchange intends to implement the proposed rule change on or about September 1, 2012. The Exchange first announced the Service to Members and non-Members in Direct Edge Trading Notice #12-25, published on June 27, 2012. As the Service is optional, there is no need for a phased implementation, as neither Recipients nor Members who wish to attribute their identity in the Service or wish to opt out of the Service will have to affect any material systems changes with regard to the Service.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> which requires, among other things, that the Exchange's rules not be designed to unfairly discriminate between customers, issuers, brokers or dealers and is designed to prevent fraudulent

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<sup>8</sup> See infra footnote 14.

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(5).

and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. EDGA believes that this proposal is in keeping with those principles by promoting increased transparency through the dissemination of the additional Service and by announcing its availability via information circular. In addition, EDGA is making a voluntary decision to make this Service available.

EDGA is not required by the Act in the first instance to make the Service available, unlike the best bid and offer which must be made available under the Act. EDGA chooses to make the Service available as proposed in order to improve market quality, to attract order flow, and to increase transparency. Once this filing becomes effective, EDGA will be required to continue making the Service available until such time as EDGA changes its rule.

Furthermore, the proposal will benefit Recipients and help to promote transparency by providing additional information regarding quotations displayed on the Exchange by various Members and thereby aid Recipients in their trading decisions. Specifically, any Member that wishes to publicly disclose their identity (through their MPID) when quoting on the Exchange will be permitted to do so, and such attributed quotations will be analogous to the quotations they provide in other contexts (e.g., on the floor of a floor-based stock exchange or in the over-the-counter market through direct interaction). The proposed rule change also promotes transparency in that it will allow Recipients who wish to utilize the Service additional transparency into discerning the contra-party in a given execution.

The proposed rule change is also consistent with Section 11A(a)(1) of the Act<sup>11</sup> in that it seeks to assure fair competition among brokers and dealers by providing functionality that is consistent with that of functionality offered by the Exchange's competitors.<sup>12</sup> The Exchange believes that the proposed rule change promotes just and equitable principles of trade in that it promotes uniformity across markets concerning the ability to display an attributed order on an exchange.

Lastly, in adopting Regulation NMS, the Commission granted SROs and broker-dealers increased authority and flexibility to offer new and unique market data services to the public. The Commission believed this authority would expand the amount of data available to market participants, and also spur innovation and competition for the provision of market data. EdgeBook Attributed<sup>SM</sup> appears to be precisely the sort of market data service that the Commission envisioned when it adopted Regulation NMS.<sup>13</sup> The Service will allow Recipients to utilize a Service that will provide them a means to view attributed information on orders on the EDGA Book Feed.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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<sup>11</sup> 15 U.S.C. 78k-1(a)(1).

<sup>12</sup> See infra footnote 14.

<sup>13</sup> Securities and Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (“[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data. The Commission also believes that efficiency is promoted when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.”).

There is significant competition for the provision of market data to market participants, as well as competition for the orders that generate that data. In introducing the proposed Service, the Exchange would be providing one similar to those already offered by other market centers.<sup>14</sup>

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from its Members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)<sup>15</sup> of the Act and Rule 19b-4(f)(6)(iii) thereunder.<sup>16</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

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<sup>14</sup> See Nasdaq Rules 4751(e)(1) and (2) and BATS Rules 11.9(c)(14) and (15).

<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-EDGA-2012-34 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-EDGA-2012-34. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the



principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-EDGA-2012-34 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>17</sup> 17 CFR 200.30-3(a)(12).